



Sean Rogan
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION
of the County of Los Angeles**

700 W. Main Street • Alhambra, CA 91801
Tel: 626.262.4511 • TDD: 626.943.3898 • www.lacdc.org

Hilda L. Solis
Mark Ridley-Thomas
Sheila Kuehl
Don Knabe
Michael D. Antonovich
Commissioners

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

October 06, 2015

The Honorable Board of Commissioners
Community Development Commission
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

1-D October 6, 2015


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

Dear Commissioners:

**APPROVE HEALTH PLANS
(ALL DISTRICTS) (3 VOTES)**

SUBJECT

This letter recommends approval of the Community Development Commission (Commission) employee health benefits for the 2016 calendar year. The Commission recommends no change to the current group medical plan providers of Kaiser and Cigna Healthcare (Cigna).

IT IS RECOMMENDED THAT THE BOARD:

1. Authorize the Executive Director or his designee to execute contracts for group medical plans provided by Cigna (HMO) and (PPO), and Kaiser Health Plan (Kaiser), to be effective January 1, 2016.
2. Approve the employer-paid medical subsidy for the 2016 calendar year to Cigna and Kaiser, at an estimated cost not to exceed \$750,000.
3. Authorize the Executive Director or his designee to execute new contracts with Cigna to provide life and disability insurance.
4. Authorize the Commission to fund all Calendar Year 2016 health plan costs using funds included in the approved Fiscal Year 2015-16 budget and funds to be approved through the annual budget process for Fiscal Year 2016-17.
5. Find that the approval of the employee health plans for the 2016 calendar year is not subject to the provisions of the California Environmental Quality Act (CEQA) because the activities are not

defined as a project under CEQA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to provide Commission employees affordable health care coverage that is comparable with plans offered to County employees for the 2016 calendar year. The current plans end on December 31, 2015.

FISCAL IMPACT/FINANCING

There is no fiscal impact to County General Fund. The expenses will be fully covered using funds included in the Commission's approved Fiscal Year 2015-2016 budget and Fiscal Year 2016-2017 proposed budget.

Employees receive a monthly employer contribution to assist with the purchase of medical, dental, vision, and life insurance benefits. Currently, employees covered by the Optional Benefit Plan receive an employer contribution of \$875 per month. On December 10, 2013, your Board approved this amount for 2015, and approved a subsequent increase to \$900 per month for 2016 as part of the Commission's three year Memorandum of Understanding (MOU) with the Laborers' International Union of North America Local 777 (LIUNA). We recommend the same increase to \$900 per month for the non-represented Optional Benefit Plan participants for 2016. The estimated annual cost of this increase is approximately \$90,000.

In an effort to help employees pay for medical insurance coverage, the Commission will continue to provide an employer-paid medical subsidy. This amount, projected at a cost not to exceed \$750,000, combined with the amount contributed by each employee, will fund the premiums for medical insurance for the 2016 calendar year.

The current Fiscal Year 2015-16 approved Commission budget includes funds to cover the proposed health plan changes through June 30, 2016. The annual budget process for Fiscal Year 2016-2017 will include funding for the remainder of the calendar year costs.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Employees are currently provided with Cigna HMO, Cigna PPO, and Kaiser as employee medical plan options. During the month of August, the Commission evaluated these plans and the cost increases for 2016, with the assistance of the Commission's insurance broker, Alliant Insurance Services.

Negotiations with Cigna and Kaiser resulted in an overall premium increase of approximately 11%; these increases include fees imposed under the Affordable Care Act (ACA).

The new monthly employee contribution for each medical plan is provided in Attachment A.

Employees are currently provided with life and disability insurance options through Guardian. Negotiations with Guardian resulted in an increase of approximately 16% for the current Basic Life, Accidental Death and Dismemberment (AD&D), Short Term Disability (STD) and Long Term Disability (LTD) offerings. Negotiations with Cigna resulted in a 0% average change for comparable plan offerings, which include a three-year rate guarantee on the Basic Life and LTD plans, and a two-year rate guarantee on the STD plan. Therefore, the Commission recommends replacing Guardian

The Honorable Board of Commissioners

10/6/2015

Page 3

with Cigna for life and disability insurance.

The County's Chief Executive Office and County Counsel have reviewed this letter.

The annual open enrollment period, which allows Commission employees to enroll in health plans for 2016, will begin following your Board's approval.

ENVIRONMENTAL DOCUMENTATION

This action is exempt from the provisions of the National Environmental Policy Act pursuant to Title 24 of the Code of Federal Regulations, Part 58, Section 58.34 (a)(3) because it involves administrative activities that will not have a physical impact on or result in any physical changes to the environment. The action is not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378 because it is not defined as a project under CEQA and does not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended actions are consistent with the principle of promoting the well-being of Commission employees and their families by offering comprehensive employee benefits.

Respectfully submitted,



SEAN ROGAN
Executive Director



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SR:MF:jd

Enclosures

Attachment A

Monthly Employee Contribution for 2016*

Kaiser*

Employee Only	\$500.00
Employee + One	\$925.00
Family	\$1250.00

Cigna HMO*

Employee Only	\$472.00
Employee + One	\$875.00
Family	\$1225.00

Cigna PPO*

Employee Only	\$925.00
Employee + One	\$2050.00
Family	\$2775.00

* Reflective of the employee cost after the subsidy is applied to the actual plan cost.